

# Competitiveness of U.S. Fruits and Vegetables:

## A Global Retailer's Perspective

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# The Ahold mission

To be the leading food specialist of the world

- Global network of best-of-breed companies
- Local management autonomy
- Global support structure
- Back-office synergies
- Multi-channel, Multi-format, Multi-brand

# Multi-channel

Food retail



Foodservice



# 114 years of retail excellence

- 1887 Albert Heijn first store
- 1955 The first supermarket
- 1977 USA operation starts
- 1995 Asia operation starts
- 1996 Lat.Am. operation starts



# Ahold in Europe



	2000 Sales	Nr. of stores
The Netherlands	E 9.6 bln	2203
Scandinavia	E 4.8 bln	3124
Czech Republic	E 0.6 bln	190
Poland	E 0.4 bln	146
Portugal (50/50)	E 1.4 bln	198
Spain	E 2.0 bln	550

2000 sales  
(Sales in billions) E 17.2 bln 6411

2000 European share 32%



# United States



	2000 Sales	Nr. of stores
Stop&Shop	\$7.7 bln	320
Giant-Landover	\$4.8 bln	186
Giant-Carlisle	\$2.2 bln	108
BI-LO	\$3.4 bln	440
TOPS	\$2.9 bln	355
Peapod	\$45 mln	-
U.S. Foodservice*	\$5.9 bln	-
<b>TOTAL</b>	<b>\$27.0 bln</b>	

2000 USA share 58%

## Acquisitions

Alliant Foodservice \$6.6 bln

Bruno's (184 stores) \$1.65 bln

\* 2000 sales only from May for U.S. Foodservice, June for Peapod and December for PYA/Monarch

# Latin America



	2000 Sales	Nr. of stores
Bompreço	E 1.5 bln	106
Disco	E 2.2 bln	235
Santa Isabel	E 0.8 bln	96
La Fragua	E 0.6 bln	130

2000 sales    E 5.1 bln    567  
(Sales in billions)

2000 LA share 10%

CSU (128 stores) in Costa Rica, Nicaragua and Honduras

Barbosa (32 stores) in Brazil

# Asia



	<u>2000 Sales</u>	<u>Nr. of stores</u>
TOPS		
-Malaysia	E 88 mln	39
-Thailand	E297 mln	41
-Indonesia	E 17 mln	17

2000 sales      E 402      97  
*(Sales in millions)*



# What can Ahold offer?

## World-wide

- 9000 stores in 25 countries
- Sales 2001 estimated at 70 bil Euros
- 35 million customers weekly
- Foodservice +/- 19 bil Euros
- Distribution & Promotion strength

## Ahold USA

- 1600 stores throughout the East Coast
- Retail sales 2001 estimated at \$23+ Bil
- 16 million customers weekly
- Foodservice sales 2001 estimated at \$12 bil
- Distribution & Promotion strength
- Continuing to acquire

# Customer Demand is Changing the Way We Do Business



- Consumer demand drives the supply chain
- Buy what is sold rather than sell what is bought
- Data driven, highly responsive supply chain

# Ahold Global Sourcing

Leverage Ahold's global scale:

- Improve net buying prices and terms
  - Maximize joint sourcing
  - Costs savings and Improved margins
  - Improved quality, freshness
- Maximize know-how sharing
  - Improve supply chain understanding
  - Develop best practices
  - Initiate Special Projects
- Develop & implement buying processes & structures

# AGS - Structure

- Four regional support centers
- All activities in the regions
- Recognize regional/local customer differences

USA

Washington

Europe

Zaandam

Lat. America

Buenos Aires

Asia

Bangkok

# In the USA...Looking Back

## Through Synergy:

- Perishable Departments were able to enter the market as a united force with increased buying power.
- Opportunities were created to share ideas and develop “Best Practice” scenarios.
- It was realized that we really do buy better together.
- We came to the realization that we needed a new model.



# Looking Forward— Centralized Procurement

The new model will:

- Create efficiencies in sourcing, procurement, logistics, and settlement of perishables.
- Focus on quality and value.
- Support marketing strategies for each of the Operating Companies.
- Respond to the changing needs of our consumer.

# Procurement Decisions

- Globally coordinated buys
- Methodology of sourcing decisions
  - Price
  - Supplier reliability
  - Quality
  - Food Safety
  - Country of origin
- Importance of technology
  - Enabler

# Plan Globally, Sell Locally

- Global strategic planning with local tactical execution
- Comprehensive Supply Chain recommendations
  - Comprehensive global/regional logistics solutions
- Understand and align with change in procurement

# Thank you.....

